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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/805,522	03/13/2001	Douglas Monticciolo	198191/0004	1852
7590 STROOCK & STROOCK & LAVAN LLP 180 Maiden Lane New York, NY 10038			EXAMINER SUBRAMANIAN, NARAYANSWAMY	
			ART UNIT 3695	PAPER NUMBER
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary**Application No.**

09/805,522

Applicant(s)

MONTICCIOLLO, DOUGLAS

Examiner

Narayanswamy Subramanian

Art Unit

3695

Period for Reply -- *The MAILING DATE of this communication appears on the cover sheet with the correspondence address --*

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 26 May 2009.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-3,6 and 27-37 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-3,6 and 27-37 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/C2)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

1. This office action is in response to applicant's communication of May 26, 2009. Amendments to claims 1 and 6, cancellation of claims 5, 7 and 8 and addition of claims 27-37 have not been entered in view of the new matter in the rejections under 35 USC 112 first paragraph discussed below. The affidavit submitted by Mr. Ronald M. Davidow in support of the Applicant's invention has been considered but is not persuasive as discussed in the response to arguments below. Claims 1-3, 6 and 27-37 have been examined. The objections to the specification, rejections and response to arguments are stated below.

Specification

2. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

3. The specification is objected to under 35 U.S.C. § 112, first paragraph, as failing to support the subject matter set forth in the claims. The specification, as originally filed does not provide support for the invention as now claimed.

The test to be applied under the written description portion of 35 U.S.C. § 112, first paragraph, is whether the disclosure of the application as originally filed reasonably conveys to the artisan that the inventor had possession at that time of later claimed subject matter. Vas-Cat, Inc. v. Mahurkar, 935 F. 2d 1555, 1565, 19 USPQ2d 111, 1118 (Fed. Cir. 1991), reh'rg denied (Fed. Cir. July 8, 1991) and reh'rg, en banc, denied (Fed. Cir. July 29, 1991).

Claims 27-37 include the limitations such as "A computer memory product having computer readable program code embodied thereon, the computer readable program code

adapted to be executed by one or more processors to implement a method of a lending institution funding a pool of loans with one or more insurers, the pool of loans having associated therewith a first rating or no rating and the insurers having a second rating greater than the first rating or no rating, the method comprising: receiving data regarding requests of borrowers related to the pool of loans and storing the data in electronic memory; analyzing the data to determine risk associated with the pool of loans having an aggregate amount of the pool of loans, the risk including a risk of a first loss and a risk of loss other than the risk of the first loss, the first loss being a percentage of the aggregate amount of the pool of loans, the lending institution assuming the risk of the first loss by providing a first loss financial guaranty to the insurers; and accessing the data from electronic memory and, based on the data, the lending institution securing insurance for the loans from the insurers, thereby transforming the pool of loans from having the first rating or no rating to having the second rating and transferring the risk of loss other than the risk of first loss to the insurers, the lending institution receiving the proceeds from an entity in return for transferring the loans to the entity and funding the pool of loans based on the data and using the proceeds” and “A computer-implemented method of a lending institution funding a pool of loans with one or more insurers, the pool of loans having associated therewith an aggregate amount and a first rating or no rating, the insurers having a second rating greater than the first rating, the method comprising: providing a lender computer connected to an electronic network, the lender computer including one or more processors configured in accordance with software to: receive via the electronic network data regarding loan requests of one or more borrowers, the data including data regarding personal and financial information of each borrower; analyze the data regarding each of the loan requests of the one or more borrowers

to determine a risk associated with making a loan to each borrower; approve for inclusion in the pool of loans, loans associated with the loan requests of the one or more borrowers where the risk associated with making the loans falls within lender risk criteria; and retrieve from electronic memory data regarding the loans approved for inclusion in the pool of loans; providing a first loss financial guaranty for the pool of loans, the lending institution assuming a risk of a first loss, the first loss being a percentage of the aggregate amount of the pool of loans; transferring the pool of loans to an entity that secures insurance for the loans from the insurers, thereby transferring a risk of loss other than the risk of first loss to the insurers and securing proceeds based on the pool of loans and the second rating, the proceeds in an amount greater than that which the lending institution could secure due to the second rating being greater than the first rating or no rating; receiving the proceeds in response to transferring the pool of loans to the entity; and the lending institution causing the pool of loans to be funded based on the data and using the proceeds” .

However, the specification does not provide written description disclosure to support these claimed limitations. In fact there is no mention of any computer memory product having computer readable program code embodied thereon in the specification as originally filed much less a computer readable program code to perform all the steps of the method identified in the claim. Similarly there is no written description of “one or more processors configured in accordance with software to: approve for inclusion in the pool of loans, loans associated with the loan requests of the one or more borrowers where the risk associated with making the loans falls within lender risk criteria; and retrieve from electronic memory data regarding the loans approved for inclusion in the pool of loans; providing a first loss financial guaranty for the pool

of loans, the lending institution assuming a risk of a first loss, the first loss being a percentage of the aggregate amount of the pool of loans; transferring the pool of loans to an entity that secures insurance for the loans from the insurers, thereby transferring a risk of loss other than the risk of first loss to the insurers and securing proceeds based on the pool of loans and the second rating, the proceeds in an amount greater than that which the lending institution could secure due to the second rating being greater than the first rating or no rating; receiving the proceeds in response to transferring the pool of loans to the entity; and the lending institution causing the pool of loans to be funded based on the data and using the proceeds.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

5. Claims 27-37 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter, which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.

New claims 27-32 recite the limitations of “A computer memory product having computer readable program code embodied thereon, the computer readable program code adapted to be executed by one or more processors to implement a method of a lending institution funding a pool of loans with one or more insurers, the pool of loans having associated therewith a first rating or no rating and the insurers having a second rating greater than the first rating or no

rating, the method comprising: receiving data regarding requests of borrowers related to the pool of loans and storing the data in electronic memory; analyzing the data to determine risk associated with the pool of loans having an aggregate amount of the pool of loans, the risk including a risk of a first loss and a risk of loss other than the risk of the first loss, the first loss being a percentage of the aggregate amount of the pool of loans, the lending institution assuming the risk of the first loss by providing a first loss financial guaranty to the insurers; and accessing the data from electronic memory and, based on the data, the lending institution securing insurance for the loans from the insurers, thereby transforming the pool of loans from having the first rating or no rating to having the second rating and transferring the risk of loss other than the risk of first loss to the insurers, the lending institution receiving the proceeds from an entity in return for transferring the loans to the entity and funding the pool of loans based on the data and using the proceeds". The specification does not provide a written description disclosure to support the claimed limitations of a computer memory product having computer readable program code embodied thereon configured to perform all the recited steps. Dependent claims 28-32 are rejected by way of dependency on a rejected claim.

Similarly new claims 33-37 recite the limitations of "the lender computer including one or more processors configured in accordance with software to: approve for inclusion in the pool of loans, loans associated with the loan requests of the one or more borrowers where the risk associated with making the loans falls within lender risk criteria; and retrieve from electronic memory data regarding the loans approved for inclusion in the pool of loans; providing a first loss financial guaranty for the pool of loans, the lending institution assuming a risk of a first loss, the first loss being a percentage of the aggregate amount of the pool of loans; transferring the

pool of loans to an entity that secures insurance for the loans from the insurers, thereby transferring a risk of loss other than the risk of first loss to the insurers and securing proceeds based on the pool of loans and the second rating, the proceeds in an amount greater than that which the lending institution could secure due to the second rating being greater than the first rating or no rating; receiving the proceeds in response to transferring the pool of loans to the entity; and the lending institution causing the pool of loans to be funded based on the data and using the proceeds". The specification does not provide a written description disclosure to support the claimed limitations of one or more processors configured in accordance with software to perform the identified steps. Dependent claims 34-37 are rejected by way of dependency on a rejected claim.

Claim Rejections - 35 USC § 101

6. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

7. Claims 1-3 and 6 are rejected because the claimed invention is directed to non-statutory subject matter.

35 USC 101 requires that in order to be patentable the invention must be a "**new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof**" (emphasis added).

Claims 1-3 and 6 recite a process comprising the steps of "the lending institution assuming risk of the first loss by providing a first loss guaranty; the lending institution transforming the pool of loans from having the first rating or no rating to having the second rating by transferring the loans to an entity that secures insurance for the loans from the insurers,

and transferring risk of loss other than the first loss to the insurers, the entity issuing a note based on the pool of loans and securing proceeds by issuing the note based on the pool of loans and the second rating, the proceeds in an amount greater than that which the lending institution could secure due to the second rating being greater than the first rating or no rating; the lending institution receiving the proceeds based on issuing the note from the entity in return for transferring the loans to the entity; and the lending institution funding the loans using the proceeds”.

Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state. The steps of the method are untied to another category of statutory subject matter and hence recited method of claims 1-3 and 6 does not qualify as a process under 35 USC 101.

Response to Arguments

8. The affidavit submitted by Mr. Ronald M. Davidow in support of the Applicant's invention has been considered but is not persuasive as discussed below. For instance on page 5 of the Affidavit Mr. Davidow states “Paragraph 0018 still further confirms that the described

method is capable of being implemented on computers: 'While the present invention and the description thereof provided herein preferably utilizes computers connectable to a network (i.e., on-line loan transactions).' I understand, and I believe that such a person of ordinary skill would have understood, that Paragraph 0018 describes utilizing the computers to carry out the functions of loan origination, funding, maintenance, and/or obtaining insurance. This understanding is consistent with the state of the art as of the Priority Date and Filing Date". However in quoting paragraph 18 of the specification Mr. Davidow fails to quote the remaining half of the sentence, which is "the present invention may also utilize more traditional means of loan origination such as in person processing, telephonic processing, or the like". Hence while it is clear from Applicant's specification that computers connectable to a network (i.e., on-line loan transactions) are used for some portions of the invention such as receiving information from a borrower for a loan request, determining a credit risk of the borrower from the information received, and approving or rejecting the loan request based on the determined credit risk, it is not clear if the other steps of the invention identified in the 112, first paragraph rejection above are performed by the computers. Similarly other passages quoted from the specification by Mr. Davidow do not lend written description support to the limitations identified in the 112, first paragraph rejection above.

In response to Applicant's assertion "As such, the claim now recites a method that transforms the pool of loans having a first rating or no rating to a pool of loans having a second rating and a note. Such claimed subject matter is patent-eligible because the claimed invention transforms data, specifically, a pool of loans having a first rating, into a pool of loans having a second rating", the Examiner respectfully disagrees. In the precedents established by the

Supreme Court, the transformation of underlying subject matter to a different state or thing refers to a physical transformation and not the transformation of data.

In response to Applicant's assertion "Applicant submits there is sufficient support in the original application for claim 27, which, like claim 33, differs slightly from the proposed claim discussed during the Interview. Support for the present amendment can be found in the application as filed. For example, Paragraphs 0016 and 0018 broadly provide for the inventive method disclosed in the application to be to be implemented with a computer including a processor operable in connection with software. Such computer is to be broadly construed and, as recited by Paragraph 0016, may include: a central processing unit (CPU or processor) operable in connection with software, permanent memory (e.g., hard disk drive, ROM), temporary memory (e.g., RAM), an input device (e.g., keyboard, mouse, trackball, etc.), an output device (e.g., display), and I/O device (e.g., modem). It is known to persons skilled in the art that a computer may comprise some or all of those components, in addition to components not listed", the Examiner respectfully disagrees. As discussed in the 112, first paragraph rejection above, there is no mention of any computer memory product having computer readable program code embodied thereon in the specification as originally filed much less a computer readable program code to perform all the steps of the method identified in the claim. For instance there is written description disclosure of a computer memory product having computer readable program code embodied thereon, the computer readable program code adapted to be executed by one or more processors to perform the steps of receiving data regarding requests of borrowers related to the pool of loans and storing the data in electronic memory; analyzing the data to determine risk associated with the pool of loans having an aggregate amount of the pool of loans, the risk

including a risk of a first loss and a risk of loss other than the risk of the first loss, the first loss being a percentage of the aggregate amount of the pool of loans, the lending institution assuming the risk of the first loss by providing a first loss financial guaranty to the insurers; and accessing the data from electronic memory and, based on the data, the lending institution securing insurance for the loans from the insurers, thereby transforming the pool of loans from having the first rating or no rating to having the second rating and transferring the risk of loss other than the risk of first loss to the insurers, the lending institution receiving the proceeds from an entity in return for transferring the loans to the entity and funding the pool of loans based on the data and using the proceeds". The Applicants are relying on declaration by Mr. Davidow for support for such limitations. However there is no written description support for such limitations in the specification as originally filed.

Applicant's other arguments with respect to pending claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

9. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37

CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles R. Kyle can be reached at (571) 272-6746. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

/Narayanswamy Subramanian/
Primary Examiner
Art Unit 3695

June 26, 2009